



Request for City Council Committee Action From the Department of City Coordinator

Date: June 3, 2002

To: Council Member Barbara Johnson, Chair
Ways & Means/Budget Committee

Subject: New Central Library Project – Selection of Insurance Broker

Recommendation:

Approve the recommendation of the Insurance Subcommittee of the New Central Library Implementation Committee to select Marsh USA Inc. to provide insurance broker services for the New Minneapolis Central Library Project and authorize proper city officials to execute a contract in an amount not to exceed \$306,000.00 (4400 – 908 –9080).

Previous Directives:

March 18, 2002 – Authorization to Issue RFP for Insurance Broker

January 18, 2002 – Direction to the New Central Library Project Implementation Committee to continue examining alternative bonding approaches for the project.

Prepared/Submitted by: Richard A Johnson, Project Coordinator

Approved by: John Moir, City Coordinator_____

Presenters in Committee: Richard A Johnson, Project Coordinator

Financial Impact (Check those that apply)

- ☒ No financial impact - or - Action is within current department budget
(If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

Background/Supporting Information

We are at the stage with the New Central Library Project where we need to determine how to best provide insurance for the Project. Typically on construction projects, the cost of insurance other than builders risk (general liability, commercial liability and workers comp) is born by the contractor and indirectly passed to the owner in the form of overhead as part of the contractors bid. An alternate approach is for the owner to purchase an Owner Controlled Insurance Policy (OCIP). Under this approach, the owner directly pays the costs of insurance with the objective to achieve broader insurance coverage, better rates and save money over the life of the project.

In order to evaluate the feasibility and risk of purchasing an OCIP, and to assist in managing the OCIP should we decide to proceed, we need the professional services of an insurance broker. On January 29, 2002 the New Central Library Implementation Committee established an insurance subcommittee of its members to develop an RFP, review proposals and recommend a broker to the Library Board and City Council.

On March 18, 2002 the City Council authorized issuance of an RFP for insurance broker services. The RFP was sent to twenty-five insurance firms on March 26. A pre-proposal meeting was held on April 12, 2002 and was attended by representatives of nine firms. Five proposals were received by the due date of May 3, 2002 and were extensively evaluated and discussed by staff and the insurance subcommittee on Tuesday May 7th.

The proposals were evaluated according to the written evaluation criteria included as part of the RFP (see attached) and a short-list of two firms to be interviewed was established on May 7th by unanimous vote of the insurance subcommittee. The determination to short-list two firms rather than interview all five was based upon the fact that the two firms' proposals and qualifications stood above the rest in terms of meeting the established evaluation criteria. In addition, the fees proposed by the two firms on the short-list were \$100,000 less than the fees proposed by the three firms not included.

Both firms also clearly had the experience and ability to evaluate the feasibility of extending the OCIP currently in place on the Convention Center Expansion Project to the Library Project as well as the feasibility of other insurance products or surety support programs.

On May 21st, the insurance subcommittee interviewed the two firms and after evaluating each firm's ability to meet the Project's requirements as provided in the evaluation criteria, recommended the selection of Marsh USA Inc. as the broker for the New Central Library Project.

Richard Johnson will be present at your committee to answer questions.

Thank you for consideration of this request.